

7th Conference of the Asian Society of Agricultural Economics (ASAE)
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The economic transition of the Vietnamese livestock sector

An institutional perspective



Context

- 1. Livestock in Northern Vietnam before 1986
 - State farms and collective agriculture (Cooperatives)
 - Priority to high technology
 - Administrated “Socially” Economy



1965



1970

Ba Vì State Dairy Farm



1960



1969

Ba Vì State Dairy Farm

Context

- 2. Livestock in Vietnam after 1990 : the “*Đổi mới*” Policy
 - Towards a “socially oriented **market economy**”
 - Priority given to family **households**
 - Strong **support** from Government services



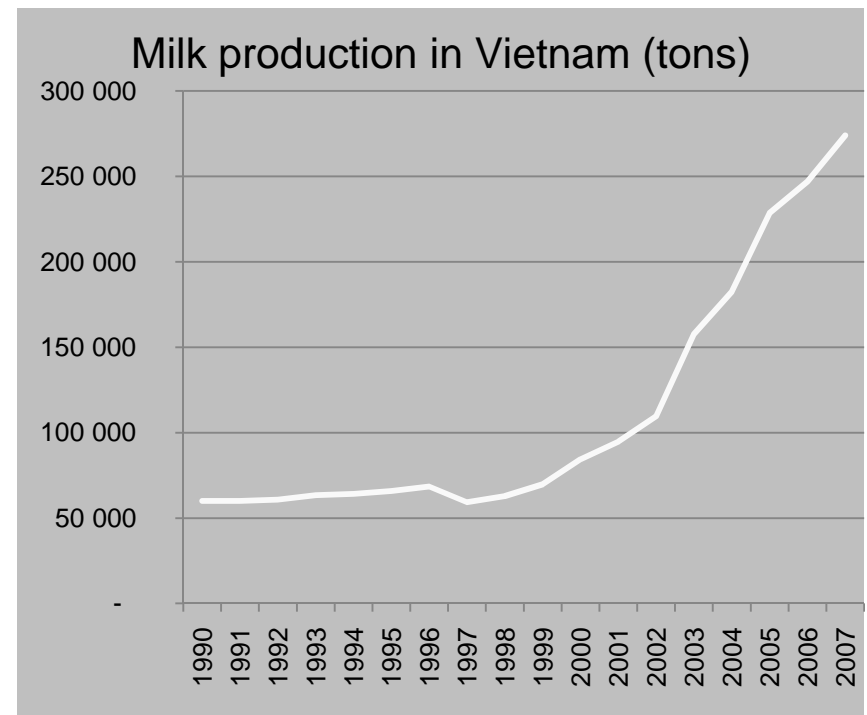
Individual smallholder dairy farms



Individual smallholder dairy farms (Ba Vì District)

Context

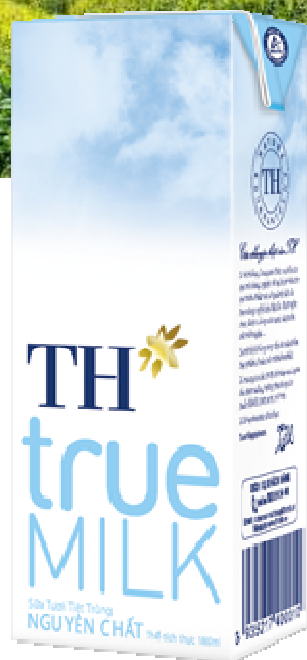
- A tremendous growth in the dairy sector
 - Milk production increased from **400%** from 2000 to 2008
 - A total of **19,800 small farms** in 2006 with an average of just **5.3 cows/farm**



Context

- 3. Livestock in current Vietnam (2009 to ...)
 - Focus on « **modernization programs** », high technology
 - Development programs « **technically or financially** » driven
 - More and more **industrial farms** (Mộc Châu, Ba Vì, Nghệ An..)





Question ?

- What is **the role of State** in the livestock sector regulation?
- What are the **effective rules (institutions)** in the reality of imperfect markets?
- What services and products should be **provided by the Government** ?
- What **institutions** might help the coordination between private, professional organizations and public bodies?

Method

- What is an « institution »?
 - According to « New institutional economics » (North, 1990)
 - Organization : « *players of the game* »
 - Institutions : « *rules of the game* »
 - Driven by (individual) « *income maximisation* »
 - According to « Old institutionalists » (Commons, 1931)
 - « *Institution is a collective action in control, liberation and expansion of individual action* » (Commons, 1931)
 - Economic life is a « *social process* »
 - The control is made by customs or organized « *going concerns* » through « *working rules* »

Method

■ How is collective action driven?

- The concept of « *futurity* » (Commons, 1931)
 - Actions of individuals are determined by the perception they have of what will be the consequences of their action
 - This perception is their « *futurity* »
 - The « *futurity* » is based on a collective signification :
« *common consensus of opinion* »
- Institutions are shaped by this « *common consensus* »
- « *Common consensus* » are linked to « *developed models* »

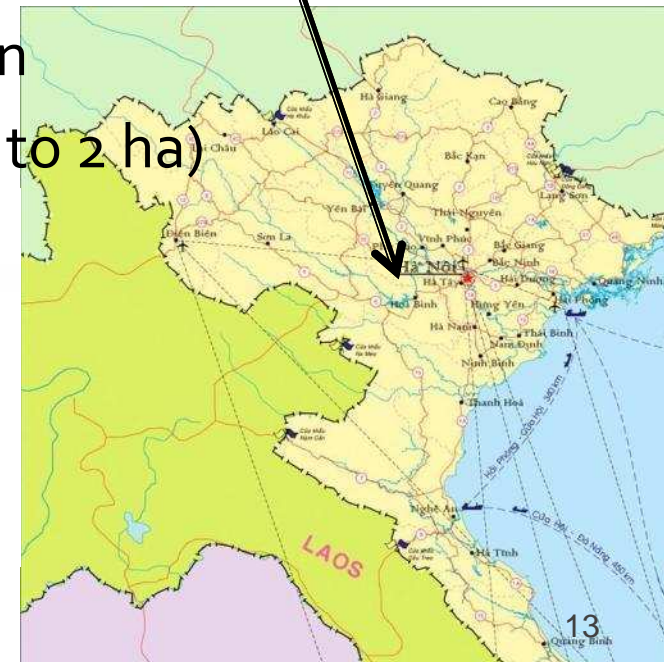
Method

- Logical framework

	Social consensus of opinion	Observed institutions (<i>“going concerns”</i> & <i>“working rules”</i>)
Access to ressources		
Access to market		

Method

- **Case Study : milk production in the Ba Vì District**
 - Milk production in Ba Vì
 - Former Dairy state farm
 - Around 4700 cows in 2010
 - Nearly exclusively F2 and F3 Holstein
 - Mostly small family dairy farms (0.5 to 2 ha)



Method

■ Data collection

- Interview with selected stakeholders
 - Local authorities (District and Commune Popular Committees)
 - Industries collecting milk + Collection centers + Feed industries
 - Milk bars and restaurants (5)
 - Selected sample of milk producers (10)
- Questions on :
 - Access to resources mechanisms (land, genetics, feeds, credit and capital, know-how, ...)
 - Access to market mechanisms (Prices, contracts, quality regulation, geographical indication...)
 - Historical development process

Results and discussions

Provision of livestock services in Ba Vi

■ Public organizations

- Popular Committee
- Ba Vi Research center
- Agricultural Extension Center
- Projects (Jica, etc.)

■ Private organizations

- Dairy Industries (IDP + CTCPSBV)
- Feed industries
- Womens Union
- ...

Types of services

Land access

Techn. Support + animals

Trainings

Techn. Supp. + trainings

Trainings + Credit

Trainings

Credit, trainings

Institutions for accessing land

Period of time	Social consensus of opinion	Observed institutions
1995 up to now	Land should be distributed to individual households	Land access for farmers - for 50 years (LURC*) Long term “land assignment” for land previously belonging to State farm (contract btw households and Research Center)
2008-2011	Land should be given to industrial projects and tourism business	Land access for tourism industry (LURC*) Land access for a 300 cows industrial farm Land access “locked” for smallholders

* : LURC = Land use right certificate (« Red Book »)

Institution for accessing livestock capital

Period of time	Social consensus of opinion	Observed institutions
1995 up to now	Milk should be produced by individual households	Long term “Animal consigning” for cows previously belonging to State farm (contract with households) = 1200 Cows Credit-loans for dairy cows from Women Unions (48 loans in 2010, 60 loans in 2011) Capacity building for animal cares
2005-2011	Dairy industries should benefit from households milk production	Credit for Dairy cows from IDP – contract with producers (200 loans in 2010-2011)

Institution for accessing market

	Social consensus of opinion	Observed institutions
Up to 2008	Price efficiency is central in the milk collection	Private collection centers Only one price for milk Non-contractual milk sales
After 2008 (Melamine crisis)	Quality is central in the milk collection	Contractual milk deliveries to Industries Milk quality controls (3 grades) Milk prices depending on quality Quality trademarks and GI (Bavi, Moc Chau) Non-contractual milk sales

Conclusion

- Institutions play an significant role in livestock development in Vietnam
 - For accessing resources
 - For accessing markets



Conclusion

- **Future prospects (*futurity*) are important in the design of institutions**
 - What is the **development model** for livestock in Vietnam?
 - Balance between interests of **consumers and producers** ?
 - How to conciliate past (**social**) and future (**industrialization**) priorities ?
- Are current development trends **sustainable**?
 - Economically
 - Socially
 - Environmentally

